

SENATE BILL 7

Unofficial Copy  
B2

2003 Regular Session  
3lr0267

(PRE-FILED)

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By: **Senator Miller**

Requested: October 7, 2002

Introduced and read first time: January 8, 2003

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Creation of a State Debt - Aging School Program - Qualified Zone Academy**  
3 **Bonds**

4 FOR the purpose of authorizing the creation of a State Debt in the amount of  
5 \$9,100,000, the proceeds to be used as a grant to the Interagency Committee on  
6 School Construction for certain development or improvement purposes;  
7 providing for disbursement of the loan proceeds and the allocation of funds to  
8 eligible school systems, subject to a requirement that the grantee document the  
9 provision of a required federal matching fund; authorizing the Board of Public  
10 Works to sell certain bonds at certain sales; and providing generally for the  
11 issuance and sale of bonds evidencing the loan.

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
13 MARYLAND, That:

14 (1) The Board of Public Works may borrow money and incur indebtedness on  
15 behalf of the State of Maryland through a State loan to be known as the Aging School  
16 Program - Qualified Zone Academy Bonds Loan of 2003 in a total principal amount of  
17 \$9,100,000. This loan shall be evidenced by the issuance, sale, and delivery of State  
18 general obligation qualified zone academy bonds, as defined in § 1397E(d)(1) of the  
19 Internal Revenue Code of the United States, as amended, authorized by a resolution  
20 of the Board of Public Works and issued, sold, and delivered in accordance with §§  
21 8-117 through 8-124 of the State Finance and Procurement Article, Article 31, § 22 of  
22 the Code, and § 1397E of the Internal Revenue Code, as amended.

23 (2) The bonds to evidence this loan or installments of this loan may be sold as  
24 a single issue or may be consolidated and sold as part of a single issue of bonds under  
25 § 8-122 of the State Finance and Procurement Article. Notwithstanding § 8-123 of  
26 the State Finance and Procurement Article, the Board of Public Works may sell the  
27 bonds authorized herein at one or more private sales that best meet the terms and  
28 conditions of sale set by the Board.

29 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer  
30 and first shall be applied to the payment of the expenses of issuing, selling, and  
31 delivering the bonds, unless funds for this purpose are otherwise provided, and then

1 shall be credited on the books of the Comptroller, and held separately in a qualified  
2 zone academy bond account, and expended, on approval by the Board of Public Works,  
3 for the following public purposes: as a grant to the Interagency Committee on School  
4 Construction (referred to hereafter in this Act as "the grantee") for the allocation to  
5 eligible school systems under the Aging School Program for the renovation, repair,  
6 and capital improvements of qualified zone academies, as defined in § 1397E(d)(4)(A)  
7 of the Internal Revenue Code, as amended, and in accordance with the Aging School  
8 Program of the Interagency Committee on School Construction, as provided under §  
9 5-303 of the Education Article of the Annotated Code of Maryland.

10 (4) An annual State tax is imposed on all assessable property in the State in  
11 rate and amount sufficient to pay the principal of and interest, if any, on the bonds as  
12 and when due and until paid in full. The principal shall be discharged within 15 years  
13 after the date of issuance of the bonds.

14 (5) (a) The grantee shall document the provision of a matching fund as  
15 provided in this paragraph.

16 (b) No part of the matching fund may be provided, either directly or  
17 indirectly, from funds of the State, whether appropriated or unappropriated. No part  
18 of the fund may consist of real property. The fund shall consist of private business  
19 contributions, which may consist of funds or in kind contributions, as required under  
20 § 1397E(d)(2) of the Internal Revenue Code, as amended. In case of any dispute as to  
21 what money or assets may qualify as matching funds, the Board of Public Works shall  
22 determine the matter and the Board's decision is final.

23 (c) The grantee shall present evidence to the satisfaction of the Board of  
24 Public Works of the provision and documentation of the matching fund, and the Board  
25 of Public Works shall authorize the disbursement of the proceeds of the grant under  
26 the provisions of this Act for the purposes set forth in Section 1(3) above.

27 (d) As the grantee documents the provision of the matching fund and  
28 meets other requirements of § 1397E of the Internal Revenue Code, as amended, the  
29 Board of Public Works shall authorize the disbursement of an installment of the  
30 proceeds of the grant in proportion to the matching fund documented at that time by  
31 the grantee.

32 (e) This method of documentation of the matching fund shall continue  
33 until the first to occur of the disbursement of the total amount of the grant or June 1,  
34 2005.

35 (f) The grantee has until June 1, 2005, to present the final evidence  
36 satisfactory to the Board of Public Works that the total matching fund will be  
37 provided and documented. If satisfactory evidence is presented, the Board shall  
38 certify this fact to the State Treasurer, and the final proceeds of the loan proportional  
39 to the final installment of the matching fund shall be expended for the purposes  
40 provided in this Act. After June 1, 2005, any amount of the loan that has not been  
41 authorized by the Board of Public Works for disbursement shall be canceled and be of  
42 no further effect.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
2 effect June 1, 2003.